

# Agenda Report

June 18, 2012

**TO:** Honorable Mayor and City Council  
**FROM:** Department of Finance  
**SUBJECT: AMENDMENTS TO FISCAL YEAR 2012 ADOPTED BUDGET**

## **RECOMMENDATIONS:**

It is recommended that the City Council:

- 1) Amend the Fiscal Year 2012 Adopted Operating and Capital Improvement Program Budget as detailed in the Proposed Budget Amendments section of this report; and,
- 2) Authorize an increase to Contract No. 18983 with Gonzales|Goodale Architects (GGA) by \$270,000 from \$1,023,682 to \$1,293,682 for architectural and engineering services related to the Water and Power Yards Office Building/Warehouse Renovation and Construction of a New Operations Facility/EOC.

## **BACKGROUND:**

Routinely, each fiscal year, budget and fee amendments necessary to account for anticipated revenue and expenditure changes from the authorized budget are presented for City Council approval. The auditors use the budget numbers formally adopted and adjusted by Council for budget-to-actual comparison in the City's Comprehensive Annual Financial Report (CAFR). As a result, staff typically tries to present a final set of budget adjustment recommendations to Council at their last meeting of the fiscal year so the revised numbers will be reflected in the CAFR. This agenda report details proposed changes to the Fiscal Year (FY) 2012 Operating Budget as adopted by the City Council on June 27, 2011 and revised by City Council throughout the fiscal year. The proposed amendments are detailed in the following section.

**PROPOSED BUDGET AMENDMENTS:**

**Amendments to Operating Budget**

**1. Non-Departmental – Revise General Fund Revenues to Reflect Current Forecast**

Reduce revenues in various Non-Departmental accounts (primarily tax-based revenues) in the General Fund by \$5,188,051 to reflect the most recent revenue forecast provided to City Council at the May 21, 2012 Joint Finance Committee/City Council Special Budget Review meeting. As FY 2012 has progressed staff updated the City Council on the City's fiscal status. As early as the first quarter of FY 2012 staff reported that General fund revenues would be lower than anticipated in the FY 2012 Adopted Budget. As a result, various budget adjustment measures were recommended and implemented throughout FY 2012. This action will allow staff to formally revise the FY 2012 Adopted Budget to reflect the previously reported revenue revisions. The table below identifies the proposed revenue budget amendments:

Revenue Account	FY 2012 Adopted	Proposed Amendment	FY 2012 Revised
<b>Sales Tax</b>			
<b>6008 Retail Sales Tax</b>	<b>31,300,000</b>	<b>(1,100,000)</b>	<b>30,200,000</b>
<b>Other Taxes Subtotal</b>			
6025 St Light & Traffic Signal Tax	7,450,000	(650,000)	6,800,000
6026 Construction Tax	1,800,000	(400,000)	1,400,000
6027 Business License Tax	5,750,000	(250,000)	5,500,000
6028 Business License Tax-Penalties	300,000	(50,000)	250,000
6036 Corporate Dcmtry Transfer Tax	0	0	0
<b>Other Taxes</b>	<b>15,300,000</b>	<b>(1,350,000)</b>	<b>13,950,000</b>
<b>Transient Occupancy Taxes</b>			
6010 Transient Occupancy Tax	4,500,000	460,000	4,960,000
6012 TOTS-Ritz Carlton	1,800,000	0	1,800,000
6013 TOTS-Increment	1,500,000	(50,000)	1,450,000
6014 TOTS-Penalties	0	0	0
<b>Transient Occupancy Taxes Subtotal</b>	<b>7,800,000</b>	<b>410,000</b>	<b>8,210,000</b>
<b>Utility Taxes</b>			
6016 Utility Users Tax Electric	12,114,827	(1,214,827)	10,900,000
6017 Utility Users Tax Gas	2,850,000	(250,000)	2,600,000
6018 UUT-Transport Gas	1,600,000	(200,000)	1,400,000
6019 Utility Users Tax Water	3,649,524	(599,524)	3,050,000
6020 Utility Users Tax Telephone	2,300,000	(150,000)	2,150,000
6021 UUT-Long Distance Telephone Co	2,550,000	(150,000)	2,400,000
6022 UUT-Mobile/Cellular Telephones	6,025,000	(375,000)	5,650,000
6023 Utility Users Tax - Cable TV	1,530,000	320,000	1,850,000
6024 Utility User Tax - Penalties	1,500	1,300	2,800
<b>Utility Taxes Subtotal</b>	<b>32,620,851</b>	<b>(2,618,051)</b>	<b>30,002,800</b>
<b>Intergovernmental - State Non Grant Direct</b>			
<b>6378 Motor Vehicle In Lieu Tax</b>	<b>12,850,000</b>	<b>(530,000)</b>	<b>12,320,000</b>
<b>Total Proposed Revenue Amendment</b>		<b>(5,188,051)</b>	

2. Human Services & Recreation – Correction of Budget Error

Increase appropriations for the Human Services & Recreation Department (8003-101-643510) in the General Fund (Fund 101) by \$40,000 to correct an error in the FY 2012 Operating Budget. Prior to adoption of the FY 2012 Budget staff recommended to the City Council an adjustment to the Human Services & Recreation budget of \$68,463. It was later determined that there was a typographical error and the reduction should have been \$28,463. This action will restore the FY 2012 Human Services & Recreation budget to the originally intended authorized budget.

**Amendments to Capital Improvement Program**

3. Public Works – Civic Center/Mid-Town Public Improvements and Related Components – Phase I (73200)

Increase appropriations for the Civic Center/Mid-Town Public Improvements and Related Components – Phase I (73200) by \$410,000. Existing available fund balances from the Gas Tax Fund (210) in the amount of \$350,000 and from the Sewer Maintenance and Construction Fund (205) in the amount of \$60,000 will be allocated to this project to support the increased appropriations. The increased appropriation is necessary so this project can be closed. The authorized budget for this project is currently \$4.18 million, while actual project expenditures total \$4.59 million.

When the construction contract was awarded, the construction costs totaled \$3.26 million, or 79 percent of the total budget. For a large project with this level of complexity, design, inspection, preconstruction, and other soft costs should account for 40 percent of the total project cost, or approximately \$1.3 million. The historical and architectural design considerations required in preparing the plans and specifications required a more extensive design and more engineering staff time. Also in order to meet the grant's funding deadline, additional staff time was necessary to expedite the preparation of the plans, specifications and estimates (PSE) and to secure approval by Caltrans for the funding.

The construction phase of the project also encountered some unforeseen circumstances that attributed to the cost overrun. During the installation of a storm drain, utility conflicts were discovered at two locations. Fiber optic lines were found at the same depth of the proposed storm drain at Union Street and Garfield Avenue and Garfield Avenue and Ramona Street. This development resulted in additional administrative, design and construction costs.

As a result of the issues encountered with this project, staff will create a new procedure to prevent this type of overage from recurring in other capital projects. Prior to the start of construction, budget review meetings will be held between project managers and Public Works' finance staff to review the project budget and expenses. In addition, Public Works has requested the Finance Department include

contract encumbrance information to the project expenditure reports so that all project costs are captured in the report.

4. Public Works – Building Preventive Maintenance - FY 2011 - 2015 Project (71901)

Increase appropriations for the Building Preventive Maintenance - FY 2011 - 2015 Project (71901) by \$17,560. These funds will be used for future improvements at the City Yards. Private Capital collected as payment from T-Mobile for the placement of cellular tower at the City Yards will provide the funding for the increased appropriations.

5. Public Works – East Colorado Boulevard Specific Plan Project (73582)

Increase appropriations for the East Colorado Boulevard Specific Plan Project (73582) by \$43,000. The funds will be used to pay for a portion of the costs for decorative benches, trash receptacles, tree grates and other necessary public improvements within the East Colorado Boulevard Specific Plan area. As a condition of development the City has collected \$43,000 of Private Capital from two developments within the Specific Plan area: 3003 E. Colorado Boulevard (\$35,000) and 701 N. Haven Avenue (\$8,000). These funds will provide the funding for the increased appropriations.

**PROPOSED CONTRACT AMENDMENT:**

6. Public Works – Water and Power Warehouse Modernization Project

Amend contract No. 18983 with Gonzales|Goodale Architects (GGA) to increase the contract not-to-exceed amount by \$270,000 from \$1,023,682 to \$1,293,682. No additional appropriations are being requested. The Water and Power Warehouse Modernization Project (1056) has sufficient budget authority to cover the requested contract increase.

On November 21, 2005 a contract was awarded to GGA for architectural and engineering services for the Water and Power Yards Office Building/Warehouse Renovation and Construction of a New Operations Facility/EOC for an amount not to exceed \$1,023,682. Services included the preparation of the architectural/engineering design and construction contract documents for the new Water and Power facilities. During both the design and construction phases, various issues became evident which required additional services by GGA to resolve. Additional services performed by GGA include the following: design of tenant improvements on the 2nd floor incorporating the design of the water quality lab by a third party; landscape design as requested by the Design Commission; design of a retaining wall; design modifications due to changes in the street grade; design modifications due to technology changes and upgrades in the EOC; city requested design changes during construction; and LEED services for Gold

certification. Of the additional services totaling \$270,000, the amount of \$200,000 has been paid and invoices in the amount of approximately \$70,000 remain outstanding.

**COUNCIL POLICY CONSIDERATION:**

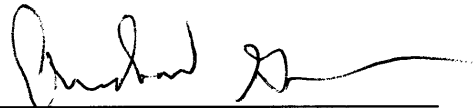
The City Council's strategic planning goal of maintaining fiscal responsibility and stability will be advanced through monitoring the FY 2012 Operating and Capital Budgets and implementing any necessary amendments.

**FISCAL IMPACT:**

Approval of the proposed budget amendments will increase FY 2012 total authorized appropriations in the FY 2012 Operating Budget by \$40,000 and reduce revenues by \$5,188,051. FY 2012 Capital Improvement Program appropriations will be increased by \$470,560.

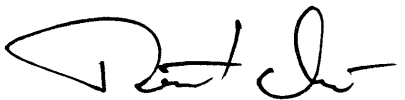
Approval of the increase to Contract No. 18983 with Gonzales|Goodale Architects will have no direct fiscal impact. Existing funds are available in the FY 2012 Capital Improvement Program (CIP) budget for Water and Power Warehouse Modernization project (1056) in amount sufficient to cover the requested increase. There is no anticipated impact to other operational programs or capital projects as a result of this action.

Respectfully submitted,



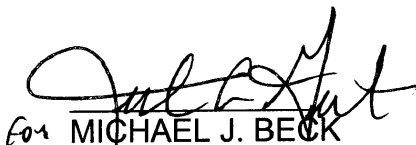
ANDREW GREEN  
Director of Finance  
Department of Finance

Prepared by:



Richard Davis  
Budget Administrator

Approved by:

*for* 

MICHAEL J. BECK  
City Manager

Attachment:

Attachment A: Detail of Proposed Budget Amendment Items

Attachment A - Detail of Proposed Budget Amendment Items

Item #	PROPOSED BUDGET AMENDMENT ITEMS	REVENUES				EXPENSES								
		Use of Available Fund Balance	Revenue Entities	FY 2012 Adopted Budget	FY 2012 Proposed Amendment	FY 2012 Revised Budget	Expense Entities	FY 2012 Adopted Budget	FY 2012 Proposed Amendment	FY 2012 Revised Budget				
1	<b>Operating Budget</b> Non-Departmental General Funds (100) Revise General Fund Revenues to Reflect Current Forecast													
				31,300,000	(1,100,000)	30,200,000								
				7,450,000	(650,000)	6,800,000								
				1,800,000	(400,000)	1,400,000								
				5,750,000	(250,000)	5,500,000								
				300,000	(50,000)	250,000								
				4,500,000	460,000	4,960,000								
				1,500,000	(50,000)	1,450,000								
				12,114,827	(1,214,827)	10,900,000								
				2,850,000	(200,000)	2,650,000								
				3,649,524	(599,524)	3,050,000								
				2,300,000	(150,000)	2,150,000								
				2,550,000	(150,000)	2,400,000								
				6,025,000	(375,000)	5,650,000								
				1,530,000	320,000	1,850,000								
				1,500	1,300	2,800								
				12,850,000	(530,000)	12,320,000								
					(5,188,051)	92,882,800								
		2	Sub-Total - Revise General Fund Revenues to Reflect Current Forecast Correct Budget Error in Human Services & Recreation	40,000		-		-		(40,000)	40,000	-		
			Sub-Total - Correct Budget Error in Human Services & Recreation	40,000		-		-		(40,000)	40,000	-		
	<b>Capital Improvement Program Budget</b>													
	Public Works Department Capital Improvement Program													
3	Civic Center/Mid-Town Public Improvements and Related Components - Phase I (73200)	410,000	Unreserved Fund Balance						410,000			410,000		
4	Building Preventive Maintenance - FY 2011 - 2015 Project (71901)	17,650	Unreserved Fund Balance					1,000,000	17,650			1,017,650		
5	East Colorado Boulevard Specific Plan Project (73582)	43,000	Unreserved Fund Balance					1,425,144	43,000			1,468,144		
	Subtotal - Capital Improvement Programs	470,650		-		-		2,425,144	470,650			2,895,794		
	GENERAL FUND REQUEST - OPERATING BUDGET OTHER FUNDS REQUEST - OPERATING BUDGET CAPITAL IMPROVEMENT PROGRAM PROPOSED BUDGET AMENDMENTS TOTAL	40,000 0 470,650 510,650			(5,188,051)				40,000 0 470,650 510,650					